

Senate Amendment 5003

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1 1 Amend House File 729, as amended, passed, and
1 2 reprinted by the House, as follows:
1 3 #1. Page 1, by inserting after line 2 the
1 4 following:
1 5 <Section 1. Section 97B.1A, Code Supplement 2005,
1 6 is amended by adding the following new subsection:
1 7 NEW SUBSECTION. 11A. "Fully funded" means a
1 8 funded ratio of at least one hundred percent using the
1 9 most recent actuarial valuation. For purposes of this
1 10 subsection, "funded ratio" means the ratio produced by
1 11 dividing the lesser of the actuarial value of the
1 12 system's assets or the market value of the system's
1 13 assets, by the system's actuarial liabilities, using
1 14 the actuarial method adopted by the investment board
1 15 pursuant to section 97B.8A, subsection 3.
1 16 Sec. _____. Section 97B.1A, subsection 24, paragraph
1 17 a, Code Supplement 2005, is amended to read as
1 18 follows:
1 19 a. "Three-year average covered wage" means, ~~for a~~
~~1 20 member who retires prior to July 1, 2008,~~ a member's
1 21 covered wages averaged for the highest three years of
1 22 the member's service, except as otherwise provided in
1 23 this subsection. The highest three years of a
1 24 member's covered wages shall be determined using
1 25 calendar years. However, if a member's final quarter
1 26 of a year of employment does not occur at the end of a
1 27 calendar year, the system may determine the wages for
1 28 the third year by computing the average quarter of all
1 29 quarters from the member's highest calendar year of
1 30 covered wages not being used in the selection of the
1 31 two highest years and using the computed average
1 32 quarter for each quarter in the third year in which no
1 33 wages have been reported in combination with the final
1 34 quarter or quarters of the member's service to create
1 35 a full year. However, the system shall not use the
1 36 member's final quarter of wages if using that quarter
1 37 would reduce the member's three-year average covered
1 38 wage. If the three-year average covered wage of a
1 39 member exceeds the highest maximum covered wages in
1 40 effect for a calendar year during the member's period
1 41 of service, the three-year average covered wage of the
1 42 member shall be reduced to the highest maximum covered
1 43 wages in effect during the member's period of service.
1 44 Notwithstanding any other provision of this paragraph
1 45 to the contrary, a member's wages for the third year
1 46 as computed by this paragraph shall not exceed, by
1 47 more than three percent, the member's highest actual
1 48 calendar year of covered wages for a member whose
1 49 first month of entitlement is January 1999 or later.
1 50 Sec. _____. Section 97B.1A, subsection 24, paragraph
2 1 c, Code Supplement 2005, is amended by striking the
2 2 paragraph and inserting in lieu thereof the following:
2 3 c. Notwithstanding any other provisions of this
2 4 subsection to the contrary, for a member who retires
2 5 on or after July 1, 2007, the member's three-year
2 6 average covered wage shall be the lesser of the three=
2 7 year average covered wage as calculated pursuant to
2 8 paragraph "a" and the adjusted covered wage amount.
2 9 For purposes of this paragraph, the adjusted covered
2 10 wage amount shall be the greater of the member's
2 11 three-year average covered wage calculated pursuant to
2 12 paragraph "a" as of July 1, 2007, and an amount equal
2 13 to one hundred twenty-one percent of the member's
2 14 applicable calendar year wages. The member's
2 15 applicable calendar year wages shall be the member's
2 16 highest full calendar year of covered wages not used
2 17 in the calculation of the member's three-year average
2 18 covered wage pursuant to paragraph "a", or, if the
2 19 member does not have another full calendar year of
2 20 covered wages that was not used in the calculation of
2 21 the three-year average covered wage under paragraph
2 22 "a", the lowest full calendar year of covered wages
2 23 that was used in the calculation of the member's
2 24 three-year average covered wage pursuant to paragraph

2 25 "a".>
2 26 #2. Page 1, line 23, by striking the figure <2006>
2 27 and inserting the following: <2007>.
2 28 #3. Page 1, line 24, by striking the figure <2014>
2 29 and inserting the following: <2011>.
2 30 #4. Page 1, line 31, by striking the figure <2014>
2 31 and inserting the following: <2011>.
2 32 #5. Page 2, by inserting after line 2 the
2 33 following:
2 34 <Sec. _____. Section 97B.48A, subsection 1, Code
2 35 2005, is amended by adding the following new
2 36 unnumbered paragraph:
2 37 NEW UNNUMBERED PARAGRAPH. For purposes of this
2 38 subsection and not for purposes of determining a
2 39 retiree's covered wages, remuneration paid on and
2 40 after July 1, 2007, includes noncovered contributions
2 41 to a defined contribution plan qualified under
2 42 Internal Revenue Code section 401(a), a tax-deferred
2 43 annuity qualified under Internal Revenue Code section
2 44 403(b), an eligible deferred compensation plan
2 45 qualified under Internal Revenue Code section 457, or
2 46 any other tax qualified or nonqualified investment
2 47 vehicle, that is provided by an employer to a retiree
2 48 who has been or will be reemployed in covered
2 49 employment.>
2 50 #6. Page 2, line 3, by inserting after the word
3 1 <Code> the following: <Supplement>.
3 2 #7. Page 2, by inserting after line 14 the
3 3 following:
3 4 <Sec. _____. Section 97B.49F, subsection 2,
3 5 paragraph c, Code 2005, is amended by adding the
3 6 following new subparagraph:
3 7 NEW SUBPARAGRAPH. (4A) Notwithstanding any
3 8 provisions of this paragraph to the contrary, moneys
3 9 shall not be credited to the reserve account if the
3 10 system is not fully funded or if the system would not
3 11 remain fully funded if moneys were credited to the
3 12 reserve account.
3 13 Sec. _____. Section 97B.49H, subsection 3, Code
3 14 2005, is amended to read as follows:
3 15 3. The system shall annually determine the amount
3 16 to be credited to the supplemental accounts of active
3 17 members. The total amount credited to the
3 18 supplemental accounts of all active members shall not
3 19 exceed the amount that the system determines, in
3 20 consultation with the system's actuary, can be
3 21 absorbed without significantly impacting the funded
3 22 status of the system. The amount to be credited shall
3 23 ~~be not be greater than the amount~~ calculated by
3 24 multiplying the member's covered wages for the
3 25 applicable wage reporting period by the supplemental
3 26 rate. For purposes of this subsection, the
3 27 supplemental rate is the difference, if positive,
3 28 between the combined employee and employer statutory
3 29 contribution rates in effect under section 97B.11 and
3 30 the normal cost rate of the retirement system as
3 31 determined by the system's actuary in the most recent
3 32 annual actuarial valuation of the retirement system.
3 33 The credits shall be made at least quarterly during
3 34 the calendar year following a determination that the
3 35 retirement system does not have an unfunded accrued
3 36 liability. The normal cost rate, calculated according
3 37 to the actuarial cost method used, is the percent of
3 38 pay allocated to each year of service that is
3 39 necessary to fund projected benefits over all members'
3 40 service with the retirement system.>
3 41 #8. Page 2, by inserting after line 21 the
3 42 following:
3 43 <Sec. _____. Section 97B.65, Code 2005, is amended
3 44 to read as follows:
3 45 97B.65 REVISION RIGHTS RESERVED == INCREASE OF
3 46 BENEFITS == RATES OF CONTRIBUTION.
3 47 The right is reserved to the general assembly to
3 48 alter, amend, or repeal any provision of this chapter
3 49 or any application thereof to any person, provided,
3 50 however, that to the extent of the funds in the
4 1 retirement system the amount of benefits which at the
4 2 time of any such alteration, amendment, or repeal
4 3 shall have accrued to any member of the retirement
4 4 system shall not be repudiated, provided further,
4 5 however, that the amount of benefits accrued on

4 6 account of prior service shall be adjusted to the
4 7 extent of any unfunded accrued liability then
4 8 outstanding. ~~Any~~ An increase ~~enacted in the~~ benefits
4 9 or retirement ~~allowances~~ allowances provided under this
4 10 chapter shall not be enacted until after the system's
4 11 actuary determines that the system is fully funded and
4 12 will continue to be fully funded immediately following
4 13 enactment of the increase. However, an increase in
4 14 the benefits or retirement allowances provided under
4 15 this chapter may be enacted if the increase is
4 16 accompanied by a change in the employer and employee
4 17 contribution rates necessary to support such increase;
~~4 18 all as determined in accordance with sound actuarial~~
~~4 19 principles and methods by the system's actuary.>~~
4 20 #9. Page 3, line 17, by striking the word and
4 21 figures <January 1, 2006> and inserting the following:
4 22 <October 1, 2007>.
4 23 #10. Page 5, line 4, by striking the figure <2005>
4 24 and inserting the following: <2006>.
4 25 #11. Page 5, line 8, by striking the figure <2005>
4 26 and inserting the following: <2006>.
4 27 #12. Page 5, line 30, by striking the figure
4 28 <2005> and inserting the following: <2006>.
4 29 #13. Page 7, line 11, by striking the figure
4 30 <2005> and inserting the following: <2006>.
4 31 #14. Page 7, line 16, by striking the figure
4 32 <2005> and inserting the following: <2006>.
4 33 #15. Page 11, line 33, by striking the figure
4 34 <2005> and inserting the following: <2006>.
4 35 #16. Page 12, line 2, by striking the figure
4 36 <2005> and inserting the following: <2006>.
4 37 #17. By renumbering as necessary.
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4 41 COMMITTEE ON STATE GOVERNMENT
4 42 WALLY E. HORN, CO=CHAIRPERSON
4 43
4 44
4 45
4 46 LARRY McKIBBEN, CO=CHAIRPERSON
4 47 HF 729.508 81
4 48 ec/je/4923